

Statement of

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Before the

Committee on Government Reform

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Thank you, Mr. Chairman. I am pleased to appear before this Committee today, representing the Secretary and the Department's information technology (IT) program.

Like other Federal agencies, VA submits budget materials to the Office of Management and Budget (OMB) every year. As part of this annual process, VA documents and justifies expenditures for its major IT investments. We do this on OMB's form – Exhibit 300, the “Capital Asset Plan.” VA's major IT investments will amount to nearly \$2 billion in IT spending for Fiscal Year 2006.

OMB reviews and evaluates our Exhibit 300s against 10 criteria, with a top score of “5” for each of the criteria. All 10 criteria are listed in the General Accountability Office's draft report on the Exhibit 300 process as well as in OMB Circular A-11, section 300.

OMB created a “management watch list” to monitor Federal agencies' major IT investments that fail to meet OMB's standards for adequacy. When OMB places a particular IT investment on the management watch list the owner agency must take certain specified actions – on a case-by-case basis depending on the investment – or submit remediation plans before spending the funds.

We must modify our Exhibit 300 Capital Asset Plans to address OMB's concerns with our business cases currently on the management watch list before we can spend Fiscal Year 2006 funds on those investments. Consequently, we are focusing our energies and resources on meeting certification and accreditation requirements before the end of this fiscal year. The management watch list has also focused attention on VA's other infrastructure-type efforts such as Enterprise Architecture.

If we don't successfully remediate our business cases before Fiscal Year 2006 begins we are uncertain exactly what impact this will have on our day-to-day operations; however,

we understand there will be increased scrutiny over all activities associated with the expenditures of funds for these particular investments.

In closing, I would like to say that VA recognizes the importance of OMB overseeing how we spend taxpayers' funds. In the 14 months I have been at the Department, we have been looking at our major projects with a strong business eye and have added external program assessments earlier in the life cycle. We look forward to continuing to strengthen VA's IT Capital Asset Plans and our overall IT Portfolio Management process.